

PREPARED STATEMENT

on

**S. 401, NATIVE AMERICAN BUSINESS DEVELOPMENT, TRADE PROMOTION,
AND TOURISM ACT OF 1999**

Presented to:

**THE HONORABLE BEN NIGHTHORSE CAMPBELL, CHAIRMAN
UNITED STATES SENATE COMMITTEE ON INDIAN AFFAIRS
Washington, DC 20510-6450**

by:

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I. Introduction

Honorable Chairman Nighthorse Campbell and Honorable members of the Senate Committee on Indian Affairs, I am John Sunchild, Sr., Chief Executive Officer (CEO) of the National Tribal Development Association (“NTDA”), a non-profit national tribal organization developed by myself and other tribal leaders to assist tribes in developing viable reservation economies. The NTDA’s mission is to “promote the governance and economic viability of Indian reservations and Alaskan Native villages/corporations by forging cooperative relationships with other Indian/Alaskan Native organizations in establishing a new framework for intertribal development expertise and in advancing significant policy initiatives.”

On behalf of the Board of Directors and member tribes of the NTDA, I am honored to testify in support of Senate Bill 401, titled the “Native American Business Development, Trade Promotion, and Tourism Act of 1999.” The NTDA would like to acknowledge the support and commitment of the Honorable Senator’s, Ben Nighthorse Campbell and Daniel Inouye and the Committee on Indian Affairs. This bill represents an excellent opportunity for Indian tribal enterprises and individual Indian businesses to access much-needed capital to develop and expand tribal business opportunities while promoting employment in Indian Country. I commend the Honorable Senators of the Committee on Indian Affairs for continuing to champion tribal issues, such as economic development in Indian Country.

The need for this legislation is critical in Indian Country today as tribes are increasingly experiencing pressure to move Indian families out of the federal human services programs and into the private employment sector. Tribal leaders face the dilemma of generating jobs in isolated

areas as well as overcoming the perception of unfavorable business conditions on Indian reservations. In some cases such impressions stem from inadequate access to federal agencies and financial institutions to provide support for viable economic development activities in Indian Country. In other cases, the perception is born from the unfamiliarity with tribal businesses and business development philosophies.

Legislation such as S. 401 will help to alleviate the historical impediments tribes and tribal businesses have experienced throughout the years. This legislation develops an Office of Native American Business Development which will coordinate various federal programs available to assist Indian tribes in pursuing business development opportunities. The creation of this office is long overdue and we commend this effort because it will enable Indian tribes and tribal businesses to access federal and private sector assistance in Indian Country.

II. The National Tribal Development Association

Currently, the NTDA's focus is to assist tribal businesses in accessing national and international markets for tribal products, services and goods. As such, we are assisting tribes in developing both national and international trade strategies through the coordination of trade-shows both at home and overseas. As an action-oriented program developed to address economic needs of our membership, the NTDA bridges the gap between tribal producers and manufacturers and the markets for tribal products. As we continue to pioneer the international marketplace, we foresee considerable economic growth for tribal products in the international market.

The NTDA would like to acknowledge the commitment and dedication of the

Administration for Native Americans (ANA) in providing funds to assist Indian tribes and organizations to pursue economic development initiatives in Indian Country. Since the Bureau of Indian Affairs (BIA) has experienced severe budget cuts over the last several years, the ANA has been the primary source of funding for tribes and tribal organizations to promote economic development initiatives in Indian Country. However, Indian tribes and organizations need to have multi-year funding sources available to them in order to properly plan, develop and implement economic development projects and the underlying infrastructure needed to sustain a healthy reservation economy. Multi-year funding allows tribal organizations to break ground in our efforts in impacting the national and international markets, however in reality, without continuous financial support of our efforts, success is limited. The NTDA has been fortunate enough to receive multi-year funding from the ANA in addition to funding from the USDA to assist Indian tribes in becoming economically self-sufficient.

The following is a brief overview of NTDA's efforts in assisting tribes to achieve economic success and independence:

- **Administration for Native Americans (ANA) Grant Award** - The ANA funded the NTDA through a competitive grant award for three years. The funding year began in June of 1998 with the long-range goals of promoting economic development and governance through the expansion of NTDA member tribes and services and to promote Indian economies and governance through national and international trade shows. The ANA has been a primary source of funding for the NTDA as well as for Indian tribes and tribal organizations interested in promoting economic development initiatives in Indian Country.

The NTDA is very appreciative of receiving ANA funding since its' inception in 1995 to assist Indian tribes across American become economically self-sufficient.

- **USDA/MAP Proposal** - In April of 1998, the Intertribal Agricultural Council and NTDA developed and submitted a cooperative proposal to USDA's Foreign Ag Service. This proposal will assist tribe's in developing their products for the foreign markets by holding regional training seminars. In addition, NTDA will assist in the coordination of three foreign trade missions and three trade shows to showcase tribal products. NTDA and its member tribes, like many other American food producers, see the dramatic growth in international trade and the potential for tribal products to enter impact these foreign markets.
- **USDA/Rural Development** - USDA Rural Development awarded NTDA a grant to co-sponsor a regional trade show to be held in Billings, Montana in the fall of 1998. The Billings trade show was a huge success with various tribes being represented through participants and vendors.
- **BIA Technical Assistance Grant** - The BIA awarded NTDA a grant to broaden our networking system. The creation of the Native American Communities Development will yield a "directory" of skills that tribes deem to be crucial to their economic development. The major directory categories of expertise will involve planning, legal services, public administration support, financial services, architectural and engineering services, business

management and administration and marketing.

- **Trade Show - Food Marketing Institute "98"** - NTDA sent representatives and one student from the Quinalt Nation to Chicago, Illinois to participate in the FMI Trade Show. Two NTDA member tribes, Quinalt and Navajo Nation participated by having booths in the trade show exhibiting their seafood and agricultural products. The USDA provided the funding for the NTDA and member tribes to attend.
- **Trade Show - Food Ex "99"** - NTDA sent two representatives and five member tribes from Quinalt Nation, Navajo Nation, Yakima Nation , Gila River Tribe and Seminole Tribe to Tokyo, Japan to attend and participate in the 1999 Food Ex Trade Show. With funding assistance from USDA's Foreign Agricultural Service, NTDA featured the Quinalt Nation from Washington showcasing seafood products; the Navajo Agriculture Products Industry, from New Mexico showcasing their beef, pinto and navy beans, and a variety of other dry packaged food products. The experience gained gave our participants the opportunity to visualize how to showcase and market tribal agricultural products in the international marketplace. As a result of NTDA's active efforts, member tribes are currently marketing tribal products in both the European and Asian markets.
- **Trade Show - American Foods Pavilion of the 1998 Salon International de l'Alimentation (SIAL '98)**- NTDA sent two representatives and four member tribes from Quinalt Nation, Gila River Tribe, Red Lake Nation, Crow tribal business person to Paris,

France to attend and participate in the SIAL'98. Our attendees were able to meet foreign contacts and gain insight into the market research, international trade market, and overseas trade missions in this part of the world. In addition, the member tribes were able to develop marketing opportunities and eventual sales in this market.

- **Tribal Economic Summit** - In June of 1997, the NTDA co-sponsored with the Montana/Wyoming Tribal Leaders Council a economic summit with tribal leaders in Billings, Montana. Tribal leaders and economic advisors from throughout Indian Country attended the summit. A wide variety of speakers and topic were offered utilizing the most current studies and strategies in Indian economics.
- **Made by American Indians Trademark** - Negotiations with the IAC to assume control of the patented "Made by American Indians" Trademark, are currently underway. The trademark is for all American Indian people to use on their products as certification of authenticity of the Native or Indian-made products in the marketplace. As more tribes enter into the international marketplace their symbol will ensure the authenticity of their products and protect Indian products from illegal or fake replicas.

In addition to promoting business opportunities in the national and international markets, the NTDA promotes other tribal efforts such as, Tribal Capacity Building/Education Reform Project (EPA), Demonstration Project/Airborne Road Dust Reduction Technique (EPA), Assistance on Empowerment Zones and Enterprise Communities (EZ) research ,and Research on the Promotion of Tax-Exempt Private Activity Bonds.

III. Tribal Business Development

Economic conditions in Indian Country are among the worst found anywhere in the world. Many Indian nations are facing the same economic hardship as Third World countries experience. For nearly two centuries, Indian economies have been suppressed by federal paternalism, with no opportunity for a free-market system to operate. With unemployment averaging forty-nine percent in Indian Country and reservations being far removed from urban areas, many investors are unwilling to invest in Indian Country. In the past, Indian tribes have been denied access to federal economic programs, this bill is an excellent start at leveling the playing field by allowing Indian tribes to maximize available resources and access to existing business development programs in the Commerce Department.

In order to attract capital and value-added activities to Indian Country in such fields as manufacturing, energy, agriculture, livestock, fisheries, high technology, electronic commerce, arts and crafts and a host of service industries, tribes must have the basic physical infrastructure to accommodate these activities. This includes such infrastructure needs as water, waste water disposal, electrical power, gas, highways, and railroads to facilitate economic development in Indian Country. Indian tribes with the assistance of the federal government must work together to build reservation infrastructures to sustain viable and healthy reservation economies. Tribes rely on Congress to appropriate sufficient funding for assistance in developing the physical infrastructure to sustain the development of labor intensive enterprises in Indian Country.

S. 401 represents the type of assistance Indian Country needs to promote the long-range sustained growth and development of our reservation economies. The various components of this

bill focuses on the revitalization of our reservation economy by encouraging the formation of new tribal businesses and promoting private investment to sustain the development of tribal resources. Accessing funds to develop reservation infrastructures will promote business development while increasing employment on the reservation. This in turn will reduce poverty levels and provide the means for Indian tribes and people to achieve a higher standard of living on our reservations. S. 401 is the type of effort Indian Country needs, Congress has the opportunity to dramatically increase reservation employment and stimulate reservation economies by promoting the interaction of commercial, public and private entities.

IV. Trade Promotion

The NTDA supports S. 401's purpose to "encourage intertribal, regional, and international trade and business development in order to assist in increasing productivity and the standard of living of members of Indian tribes and improving the economic self-sufficiency of the governing bodies of Indian tribes." As previously mentioned, the NTDA's efforts have been on the development of international trade strategies for marketing tribal products, services and goods overseas. We have been coordinating foreign and domestic trade-shows featuring tribal products. The NTDA's success is that we have actually facilitated tribal trade promotion endeavors through our ability to impact and become visible in the international markets.

In April of 1998, the NTDA and the Intertribal Agriculture Council ("IAC") submitted a cooperative proposal and received a USDA Foreign Ag Service Grant. Our mission is to assist tribe's in developing their products for the foreign markets by holding regional training seminars

which enable tribal businesses to gain insight into accessing both the national and international markets. Through the NTDA/IAC's active efforts, member tribes have gained first hand experience with the international markets. With additional federal assistance such as S. 401, the NTDA/IAC will be able to ensure that barriers to international markets be overcome such as packaging, labeling, trademarks and other transportation and shipping issues.

The NTDA/IAC Export Assistance Program features various seminars appropriately titled as "Indian Agriculture Export Readiness Seminars." We utilize the assistance of various experts in the foreign trade market to share their expertise with Indian tribes and individual Indian businesses. The seminars focus on export business development, such as, developing business and marketing plans, packaging and labeling information, transportation and shipping issues and foreign export laws and regulations. Our third seminar will be held next week in Chicago on May 3, 4 and 5, 1999 at the Congress Plaza Hotel. I have attached a draft agenda to my testimony and wish to invite the Committee members to attend.

S. 401 will enable tribal businesses to assess the various federal programs and services available to Indian tribes and Indian businesses. Many tribal businesses are not currently assessing the federal programs and services available. Section 5 of S. 401 will create a Native American Export and Trade Promotion Program which will alleviate these types of problems we have experienced in the past. It makes good sense to coordinate the various federal programs and services to ensure access by Indian tribes and individual Indian businesses.

Our experience with marketing tribal products overseas has revealed various barriers which tribes must overcome to strengthen tribal presence in these markets. S. 401's coordination

of available federal programs and services will benefit tribal businesses in the development of promotional materials, financing of foreign trade missions, marketing tribal goods and services, and increase participation of federal agencies and eligible entities in international trade fairs. In addition, tribal businesses will be able to receive technical assistance and administrative services in identifying appropriate markets for tribal goods and services, compliance with foreign and domestic laws concerning the export and import of tribal goods and services, and entering into financial arrangements to provide for the export and import of tribal goods and services. Under S. 401, tribal business development opportunities in foreign markets will increase with greater access to federal programs, services and technical assistance to foster the long-term international markets for Indian goods and services.

Since its' inception, the NTDA has worked to assist Indian tribes in developing business opportunities and viable reservation economies. While the NTDA has only been in existence since 1995, it has taken significant steps to bridge the marketing gap between Indian business enterprises and their private sector counterparts. The NTDA has identified the following barriers to domestic and foreign trade of Indian products:

- The general lack of marketing and promotional activities by Indian business enterprises. This translates into Indian products being exposed to a very limited number of customer bases and access to markets only within their immediate area. Because of this isolation from broad U.S. and foreign markets, Indian businesses face disadvantages in terms of growth and expansion opportunities.

- Lack of available funding to assist tribal businesses in achieving economic self-sufficiency by eliminating the broker agencies or the “middle-man” who actually markets the products. A good example is the Passamaquoddy Tribe which is the third largest blueberry grower in Maine. Like most tribal businesses, the Passamaquoddy’s utilize a brokering agency to market their blueberries. This brokering middle-man takes a big portion of the potential profit from the sales of tribal products. Tribal businesses need to have the ability to access federal support and assistance to enable tribal producers to market their own products under their own labels.
- Lack of essential information for buyers and investors to gain access to Indian business enterprises, including potential private sector opportunities, both domestic and foreign.
- Lack of a database available for Indian business products, such as available production information, distribution and marketing data, and general information on availability of goods and services.
- Lack of experience by tribal governments and Indian business enterprises in professional marketing strategies and schemes.
- Lack of tourism funds for Indian tribes and tribal businesses to utilize for marketing tribal products.
- Limitations on federal assistance with marketing non-agricultural goods in national and international markets. Based on NTDA’s experience with the international market, we feel that tribal businesses have viable opportunities to greatly impact this marketplace. In addition, tribal businesses need to have access to federal assistance with the development

of tribal products for actual marketing, such as, packaging, labeling and customs.

To counter these impediments, the NTDA uses its' resources to develop solutions to help alleviate the negative impacts of such barriers by:

- developing an NTDA home page (www.ntda.rockyboy.org) which categorically establishes a profile of each of our member tribes and individual business ventures.
- developing a how to guide, targeted at potential private sector investors and buyers, allowing them to access tribal governments and tribal business enterprises.
- attending foreign trade missions sponsored by the American Indian Trade and Development Council ("AITDC") in Tokyo, Japan, to secure and identify foreign business contacts in the foreign trade market for Indian products.
- attending the 1998 Food Ex Trade Show in Tokyo, Japan, to secure contacts and gain experience in the international trade shows for Indian products.
- participating in domestic trade shows such as the U.S. Food Export Showcase in Chicago, Illinois, which allows domestic trade opportunities for Indian products in the U.S.

V. RELATED ISSUES

As most Americans will agree, the USDA's Foreign Agriculture Service (FAS) programs are certainly important to the overall health of a strong United States agriculture economy. They are even more useful to American Indian agribusiness economies when we are directly involved and recipients of their resources. However, based on the fact that American Indians were essentially shut out of USDA services up until 1987, our participation levels in the full cadre of

USDA sponsored programs and assistance has been dismal. The core reason for this phenomena, has been the lack of adequate educational and outreach efforts targeted specifically to American Indians by USDA. This statement is supported by the USDA Civil Rights Action Team (CRAT) report and a similar report submitted by the USDA sponsored Commission on Small Farms. Both reports strongly advocated **outreach** to under-served farmers and ranchers (American Indians included), as a measure to insure our active participation in, and reduce discrimination by USDA programs.

While most USDA Departments have taken steps to comply with the recommendations of the CRAT and Commission on Small Farms reports, these steps have been snail pace at best. However, there is one success story within USDA that has its roots based in the above mentioned reports, which needs serious attention. The USDA Farm Service Agency (**FSA**) **Outreach Programs Staff** based in Washington, D.C. and charged with the enormous task of introducing FSA programs and services was formed to address the inequities of FSA program service delivery to minorities. The major difference between this effort and other USDA Departmental endeavors is the fact that FSA Outreach Program managers have actually gone out to Indian Country and asked key leaders what, if anything, was needed in the form of FSA outreach assistance. The response was tremendous, as the FSA Outreach Programs Office received various requests from American Indian Colleges, community based organizations, individuals and other local interests to fund outreach projects targeted at the under-served.

Since its inception in 1996 as a viable USDA program, the FSA Outreach Office has fostered productive working relationships and provided valuable resources to groups such as the

National Tribal Development Association (**NTDA**), the Intertribal Agriculture Council (**IAC**) and Stone Child College, which is a 1994 Land Grant Institution. This alliance with credible American Indian organizations has generated an enormous amount of interest by other American Indian and minority groups to participate in FSA Outreach Office funded projects. The primary reason is the fact that the FSA Outreach Office has fostered the concept of allowing these American Indian organizations the opportunity to conceive, design and administer their own project. This philosophy has proven quite successful as attested through the tremendous increase in funding requests received from other American Indian and minority oriented organizations.

During its short existence as an **FSA** program, this office has excelled in providing resources to minority groups (American Indian in particular) that have traditionally been left out of USDA services. As a result, the current projects funded by this office have proven highly effective at meeting the needs of the group it was intended to serve and neighboring States have requested funds to copy-cat these projects. However, based on a lack of adequate support from certain USDA Administrators, the funds necessary to carry this highly successful philosophy into the next millennium may never be realized. **Therefore, the following recommendations are in order:**

- Fully fund the FSA Outreach Programs Office at the FY 2000 requested level of **\$5,000,000** and continue to fund this office at the requested level in coming years.
- Provide for a no-year account to allow the office to provide multi-year funded projects.
- Provide for a separate Program Outreach Account within the Farm Service

Agency.

- Provide Grant and Cooperative Agreement Authority to FSA to insure the integrity of all projects funded through this process.

VI. Conclusion and Recommendations

The passage of S. 401 will ensure that Indian tribes and tribal businesses have access to federal programs, services and technical assistance to provide assistance, both financial and technical, for increased business development, expansion of trade opportunities and economic development in Indian Country. In addition to supporting the passage of S. 401, the NTDA recommends the following:

- The legislation needs to provide funding for pilot projects in the area of trade promotion and export development for Indian tribes and tribal businesses. Other than the USDA, federal support is non-existent for tribal businesses to gain access into the international market.
- The Director of the Office of Native American Business Development be an American Indian person with broad and comprehensive experience with Indian businesses and domestic and foreign trade experience as well.
- The Commerce Department to adequately fund the Office of Native American Business Development to carry out the purposes of S. 401 and to ensure the formation and expansion of Indian business opportunities both in the U.S. and abroad.

- The Commerce Department to coordinate and sponsor a National Indian Trade Show featuring domestic and foreign business opportunities for tribal products, services and goods.
- Mandate federal agencies to broaden their focus and build flexibility into federal programs and services to accommodate the needs of Indian tribal enterprises and business opportunities both in the U.S. and in foreign countries.
- Development National Indian Marketing Policy and Strategy for tribal products in foreign trade markets.
- Assist Indian tribes and businesses to develop their products to meet the demands of the international market, such as overcoming labeling and packaging barriers.
- Provide financial assistance (start-up monies) for tribal businesses to enhance their product development and to allow tribal businesses to understand and compete in the foreign markets based on foreign demands and market trends.
- Develop a National Indian Intertribal Commerce Policy and Tax Incentive package which will stimulate intertribal commerce domestically. This will greatly enhance local reservation economies which suffer due to the absence of private sector opportunities and create the kind of job opportunities and business-creating activities that tribes desperately need.

Again, I wish to thank the Honorable Ben Nighthorse Campbell and Honorable Members of the Senate Committee on Indian Affairs for allowing me the honor and opportunity of testifying

in support of S. 401, the Native American Business Development, Trade Promotion and Tourism Act of 1999. Indian tribes and businesses partnering with federal agencies to promote economic development in Indian Country makes sense. The NTDA is a good example of what a successful partnership can bring to Indian Country. The NTDA will continue to assist tribes in attaining economic self-sufficiency through the development of Indian businesses and economies while strengthening our sovereign status. If the NTDA or myself can be of any assistance, it would be a pleasure to work with you and the Committee in the development and implementation of these types of economic development initiatives for Indian Country. Thank you.